

DEVELOPING SKILLS IN YOUTH TO SUCCEED IN THE EVOLVING SOUTH ASIAN ECONOMY



NEPAL COUNTRY REPORT

The report explores different pathways that exist from 'education to employment' and studies the ecosystem around it. It highlights the changes in sectoral composition, occupational trends, nature of employment, access to and performance in education, and inclusivity for disadvantaged groups in Nepal.

Investing in the demographic dividend to prepare for the aging society

Nepal is undergoing a rapid demographic transition towards an aging society, and there is an urgent need to prepare today's youth for the social and economic changes that will come with this shift. Approximately 29% of Nepal's total population today is 15-24 years of age, but from 2028 the proportion of the youth population will decrease and those in the 65+ age group of will begin to increase. As a result, in the next 10 to 30 years, the pressure on young people to support the non-working aging population will also increase. There is a short window of opportunity for Nepal to take advantage of the demographic dividend before it closes and to better prepare youth for the future. Therefore, increasing the productivity of Nepal's young population to enable them to support the aging population in the future is an investment in the country's future.

2015



Old age dependency ratio - 11.1%

11 working age people were supporting 1 old age person

Skill building of the youth and children is imperative to enable them to support the ageing population in the future

2050





Projected old age dependency ratio - 5.6%

Only 5-6 workers will be available to support each older adult.

Supporting Youth to Stay in Education to Equip Them with the Skills for Employability

There have been significant improvements in the education sector of Nepal and most youth in the society now have better education opportunities than the earlier generations. There has also been significant improvement in female participation in education and the entry of females at the elementary, secondary and tertiary levels has improved to the point that the Gross Enrollment Ratio for females is slightly higher than that of males". However high drop out rates affect both boys and girls, especially in secondary school. Most of the children who drop out come from impoverished households or have difficulty in accessing schools because they live in remote areas far from the school'.

Gross Enrolment Ratios		
Primary Education	138.3%	130%
Secondary Education	75%	67.5%
Tertiary Education	12.4%	11.1%

Female enrolment at primary, secondary and tertiary education levels have improved. The gross enrolment ratio (GER) for females is now slightly higher than that of males.

About 86.8% of children who start primary school reach Grade 5 and only 74.6% reach till Grade 8.

Out of the total children enrolled in Grade 1, 6.5% drop-out of the same class and the rate of drop out in each grade ranges from 3 to 6 percent

As of 2017, 159211 children in Nepal were out-of-school, of which 62% were females

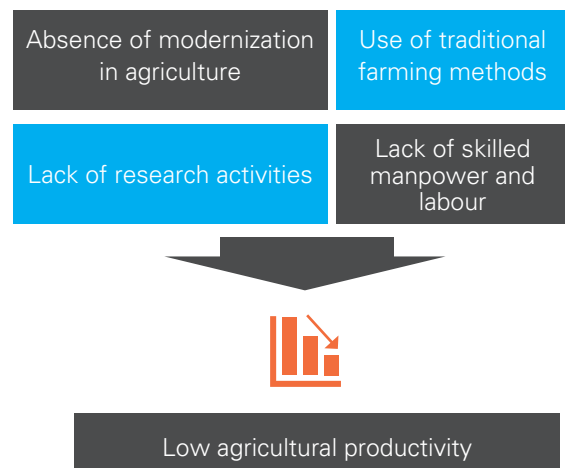
Barriers to Children and Youth's Education

According to the Nepal Study 'Report on the Global Initiative on Out-of-School Children' there are a number of issues that lead to children dropping out of school or never going to school at all.

- Lack of preparedness because of not attending early childhood development schools
- Difficulty in accessing schools
- Poverty
- Social exclusion linked to caste, disability, migration
- Child labour and trafficking
- Social norms and gender biases including child marriage
- School infrastructure and staffing,
- Language
- Emergencies and natural disasters such as earthquakes

Agriculture is an important economic sector in Nepal and its transformation can lead to job creation

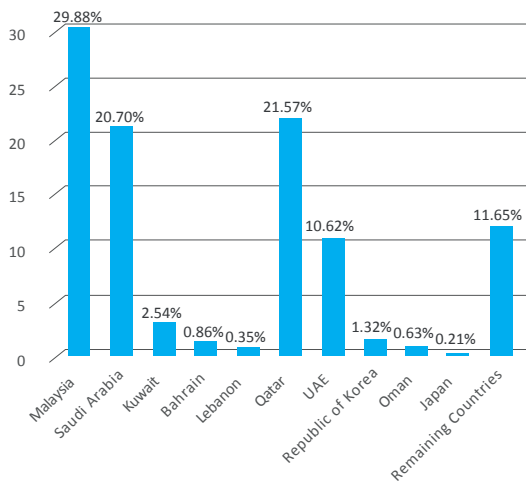
Nepal is a predominantly agricultural country with a small manufacturing sector, where economic activities and jobs in the non-agricultural sector are limited. The agriculture sector employs 70% of the total employed population and contributes to 25% of the GDP. Although some of the skilled youth are finding jobs in sectors like education, banking and health, the growth rate in these service sectors are not enough to absorb the number of youths entering the working-age population each year. Transformation of the agriculture sector, from subsistence to commercial agriculture, and development of the agricultural value chain is of utmost importance to increase agricultural productivity and for decent job creation.



Many Nepali Youth migrate to find work abroad, but many are exposed to vulnerable work conditions.

A large proportion of the Nepalese population are choosing to go abroad to find work, citing a lack of job opportunities in their country. Malaysia and Gulf Cooperation Council (GCC) countries have become the major recipients of Nepali migrants, having received around 86% of the total migrants from Nepal between 2008-09 and 2016-17.

For some migrants, there are gaps between the skill sets they possess and the demands for certain skills in destination countries, which can be a barrier accessing higher wage jobs. As such many young Nepali migrants can be led to vulnerable employment.

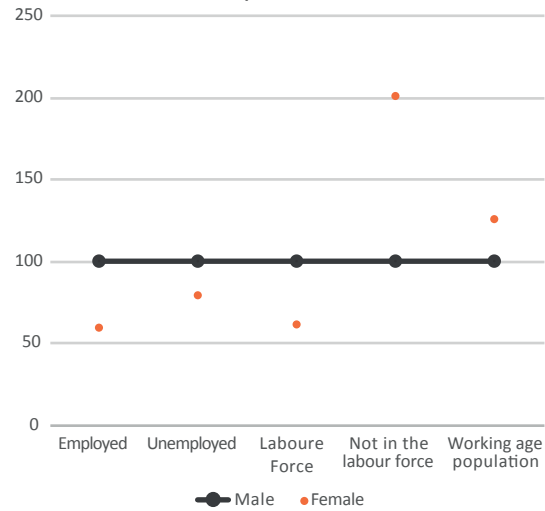


Nepali migrants working in foreign destinations are highly vulnerable to labour exploitation and abuse. Various studies of recruitment processes and working conditions for unskilled and low-skilled workers have consistently revealed indicators of abuse commonly associated with exploitation, including forced labour and trafficking (ILO, n.d.).

More Support for Female Participation in the Work Force is Needed

The number of females in the working age population is higher than that of males in Nepal, but females are significantly under-represented in the labour force. While males accounted for 44% of the working age population, their representation in labour force was higher at 62%. In contrast, women only accounted for 38% of the labour force, although they were 56% of the working age population. In fact, in Nepal, the highest unemployment rate is found among the females and youths aged 15-24 years.

Females are underrepresented in the labour force



The labour force participation rate of females is half of that of males

The unemployment rate in females was found to be 13.1% which was 2.8% higher than that of males.



Unemployment rate in Nepal is 11.4%

Unemployment rate among youth (15-24 years) is 21.4%

10% point more than national average

Of the 5.6 million young people aged 15-24 years in Nepal, 35.3 percent (or, 2 million) were not in employment, education or training in 2017/18. The NEET rate for females and males were 46.6% and 21.5% respectively. A high NEET rate for young women suggests that their engagement in household chores, barriers like child marriage etc. are limiting female participation in labour markets.

Recommendations

Embedding entrepreneurship spirit in youth can transform job seekers to job creators

Young men and women have the highest unemployment rate in Nepal and for many, their only remaining option is to find work abroad. However, online responses from the Voices of Youth survey showed that 17% respondents in Nepal indicated that they want to start their own businesses in their country, which was the highest in the region. Focus group discussions with youth in Nepal also showed that youth face challenges in entrepreneurship due to lack of skills and not knowing processes involved in creating a business. Providing entrepreneurship training to youth can help them fulfil their desire to work in their own country and can also transform them to job creators in their country.

Providing agricultural training to women can play a key role in promoting agricultural productivity and increasing household income in rural areas

In Nepal, agriculture contributes to one-fourth of the gross domestic product (GDP) and about 70% of the population work in the sector. The role of women in the agriculture sector is crucial, as men are migrating out to find jobs and majority of the women are left behind employed in agriculture. According to the Nepal Labour Force Survey 2017-18, the percentage of women engaged in agriculture and allied activities was 33%, which was highest among all other industries. The conditions of employment for most rural women are perilous, since they mainly work as subsistence agricultural producers. Providing training to women on modern methods of farming can play a key role in increasing the agricultural productivity and help them in transitioning to commercial agriculture.

Investing in the employment of young people and reducing the number of NEET (youth not in education, employment and training) will lead to huge economic and social gains

About 35% of the total population aged 15-24 years are not in education, employment and training, and majority of are women. Youth state that their lack of skills desired by employers is one of their biggest barriers to employment. Limited social networks and employers hiring within their network has were also identified as key barriers in finding employment. When young people are unable to find jobs, they often lose hope in being able to achieve their aspirations. This can lead them with little options as members of society and can lead to negative social outcomes i.e. impacts crime rates, depression prevalence and substance abuse rates.

Developing interventions to train out-of-school children can help them be prepared to enter the labour force and prevent them from entering the NEET category

A large proportion of children in Nepal drop-out of schools without even completing primary education. These children are at the highest risk of never entering the education system again and becoming out-of-school children. As per the UNESCO institute for Statistics, there are 159,211 out-of-school children in Nepal, of which 62% are females. The drop-outs and out-of-school children of today are more likely to become NEET youth in the future. Interventions are needed to bring these children back into education system and provide vocational skills training to increase their employability.